

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 7016**

**FIRST EXTRAORDINARY SESSION**

January 18, 2010

**SUMMARY OF BILL:** Creates a scholarship program for students who have an annual household income less than 2.5 times the income standard for eligibility for the federal free and reduced price lunch program, reside in Tennessee, and were eligible to attend a public K-12 school in the preceding semester or starting school for the first time. Eligible students may attend a participating school until graduation from high school or reaching 21 years of age. Creates guidelines for the awarding of scholarships to students. Waives tuition at participating private schools beyond the scholarship amount for those students who qualify for free and reduced price lunch. Requires the Department of Education (DOE) to keep state BEP dollars that would have been generated by the student and given to the local education agency if the scholarship amount is less than the amount needed for tuition. Creates participation eligibility requirements for non-public K-12 schools. Requires DOE to create a standard application form to be used for admission into a private school and to send participating schools student records in accordance with federal law. Sets forth provisions to disqualify private schools. Creates a pilot program at ten schools in the local education agency (LEA) with the greatest number of schools failing to meet adequate yearly progress for the greatest number of years.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$7,500/One-Time  
\$27,800/Recurring**

**Increase Local Expenditures - Not Significant**

**Other Fiscal Impact – Federal funds will not be utilized for this program. BEP funding will shift to the public or private schools where participating students transfer. This shift in funds is estimated to be approximately \$17,139,700.**

Assumptions applied to amendment:

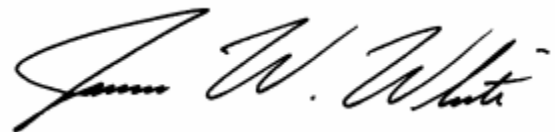
- The pilot program will take place in the Memphis City Schools
- The average daily membership (ADM) of the 10 schools that have been failing the greatest number of years will be chosen. The total ADM of these schools is approximately 8,246. It is estimated that approximately 20 percent of the total ADM or

approximately 1,649 students will participate. It is estimated that approximately 25 percent of participating students or approximately 412 will choose to go to a private school. The others (approximately 1,237) will transfer to a public school outside of their regularly zoned school.

- The per pupil expenditure in Memphis City Schools is approximately \$10,394. BEP funding will shift to the public or private school where a participating student transfers. The total shift in funds will be approximately \$17,139,706 (1,649 x \$10,394).
- Private schools participate in the program voluntarily. As such, they have knowledge of the maximum scholarship amount for which students may apply. Any difference in the scholarship amount and the private school tuition for those students qualifying for free and reduced price lunch will be waived by the school.
- Any difference in scholarship amount for students that do not qualify for free and reduced price lunch will be paid by the student. Participating schools may waive this fee.
- Based on the percentage of students on free or reduced price lunch currently attending the 10 participating schools, it is assumed that 100 percent of the students choosing to go to a private school will be on the free or reduced price lunch program.
- The Department of Education will hire one part-time education consultant at a total cost of \$27,765 in salary. Approximately \$7,500 in one-time state expenditures for office landscaping.
- Any increase in state or local expenditures to notify students of this program are estimated to be not significant.
- Memphis City Schools will not be required to provide transportation; therefore, there will not be an increase in state or local expenditures for this purpose.
- All participating children will be counted in their home district for the purposes of ADM.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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